

1 AN ACT in relation to public employee benefits.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Illinois Pension Code is amended by
5 changing Sections 7-172 and 7-204 and adding Section 7-199.4
6 as follows:

7 (40 ILCS 5/7-172) (from Ch. 108 1/2, par. 7-172)
8 Sec. 7-172. Contributions by participating
9 municipalities and participating instrumentalities.

10 (a) Each participating municipality and each
11 participating instrumentality shall make payment to the fund
12 as follows:

13 1. municipality contributions in an amount
14 determined by applying the municipality contribution rate
15 to each payment of earnings paid to each of its
16 participating employees;

17 2. an amount equal to the employee contributions
18 provided by paragraphs (a) and (b) of Section 7-173,
19 whether or not the employee contributions are withheld as
20 permitted by that Section;

21 3. all accounts receivable, together with interest
22 charged thereon, as provided in Section 7-209;

23 4. if it has no participating employees with
24 current earnings, an amount payable which, over a period
25 of 20 years beginning with the year following an award of
26 benefit, will amortize, at the effective rate for that
27 year, any negative balance in its municipality reserve
28 resulting from the award. This amount when established
29 will be payable as a separate contribution whether or not
30 it later has participating employees.

31 (b) A separate municipality contribution rate shall be

1 determined for each calendar year for all participating
2 municipalities together with all instrumentalities thereof.
3 The municipality contribution rate shall be determined for
4 participating instrumentalities as if they were participating
5 municipalities. The municipality contribution rate shall be
6 the sum of the following percentages:

7 1. The percentage of earnings of all the
8 participating employees of all participating
9 municipalities and participating instrumentalities which,
10 if paid over the entire period of their service, will be
11 sufficient when combined with all employee contributions
12 available for the payment of benefits, to provide all
13 annuities for participating employees, and the \$3,000
14 death benefit payable under Sections 7-158 and 7-164,
15 such percentage to be known as the normal cost rate.

16 2. The percentage of earnings of the participating
17 employees of each participating municipality and
18 participating instrumentalities necessary to adjust for
19 the difference between the present value of all benefits,
20 excluding temporary and total and permanent disability
21 and death benefits, to be provided for its participating
22 employees and the sum of its accumulated municipality
23 contributions and the accumulated employee contributions
24 and the present value of expected future employee and
25 municipality contributions pursuant to subparagraph 1 of
26 this paragraph (b). This adjustment shall be spread over
27 the remainder of the period of 40 years from the first of
28 the year following the date of determination.

29 3. The percentage of earnings of the participating
30 employees of all municipalities and participating
31 instrumentalities necessary to provide the present value
32 of all temporary and total and permanent disability
33 benefits granted during the most recent year for which
34 information is available.

1 4. The percentage of earnings of the participating
2 employees of all participating municipalities and
3 participating instrumentalities necessary to provide the
4 present value of the net single sum death benefits
5 expected to become payable from the reserve established
6 under Section 7-206 during the year for which this rate
7 is fixed.

8 5. The percentage of earnings necessary to meet any
9 deficiency arising in the Terminated Municipality
10 Reserve.

11 (c) A separate municipality contribution rate shall be
12 computed for each participating municipality or participating
13 instrumentality for its sheriff's law enforcement employees.

14 A separate municipality contribution rate shall be
15 computed for the sheriff's law enforcement employees of each
16 forest preserve district that elects to have such employees.
17 For the period from January 1, 1986 to December 31, 1986,
18 such rate shall be the forest preserve district's regular
19 rate plus 2%.

20 In the event that the Board determines that there is an
21 actuarial deficiency in the account of any municipality with
22 respect to a person who has elected to participate in the
23 Fund under Section 3-109.1 of this Code, the Board may adjust
24 the municipality's contribution rate so as to make up that
25 deficiency over such reasonable period of time as the Board
26 may determine.

27 (d) The Board may establish a separate municipality
28 contribution rate for all employees who are program
29 participants employed under the Federal Comprehensive
30 Employment Training Act by all of the participating
31 municipalities and instrumentalities. The Board may also
32 provide that, in lieu of a separate municipality rate for
33 these employees, a portion of the municipality contributions
34 for such program participants shall be refunded or an extra

1 charge assessed so that the amount of municipality
2 contributions retained or received by the fund for all CETA
3 program participants shall be an amount equal to that which
4 would be provided by the separate municipality contribution
5 rate for all such program participants. Refunds shall be
6 made to prime sponsors of programs upon submission of a claim
7 therefor and extra charges shall be assessed to participating
8 municipalities and instrumentalities. In establishing the
9 municipality contribution rate as provided in paragraph (b)
10 of this Section, the use of a separate municipality
11 contribution rate for program participants or the refund of a
12 portion of the municipality contributions, as the case may
13 be, may be considered.

14 (e) Computations of municipality contribution rates for
15 the following calendar year shall be made prior to the
16 beginning of each year, from the information available at the
17 time the computations are made, and on the assumption that
18 the employees in each participating municipality or
19 participating instrumentality at such time will continue in
20 service until the end of such calendar year at their
21 respective rates of earnings at such time.

22 (f) Any municipality which is the recipient of State
23 allocations representing that municipality's contributions
24 for retirement annuity purposes on behalf of its employees as
25 provided in Section 12-21.16 of the Illinois Public Aid Code
26 shall pay the allocations so received to the Board for such
27 purpose. Estimates of State allocations to be received
28 during any taxable year shall be considered in the
29 determination of the municipality's tax rate for that year
30 under Section 7-171. If a special tax is levied under
31 Section 7-171, none of the proceeds may be used to reimburse
32 the municipality for the amount of State allocations received
33 and paid to the Board. Any multiple-county or consolidated
34 health department which receives contributions from a county

1 under Section 11.2 of "An Act in relation to establishment
2 and maintenance of county and multiple-county health
3 departments", approved July 9, 1943, as amended, or
4 distributions under Section 3 of the Department of Public
5 Health Act, shall use these only for municipality
6 contributions by the health department.

7 (g) Municipality contributions for the several purposes
8 specified shall, for township treasurers and employees in the
9 offices of the township treasurers who meet the qualifying
10 conditions for coverage hereunder, be allocated among the
11 several school districts and parts of school districts
12 serviced by such treasurers and employees in the proportion
13 which the amount of school funds of each district or part of
14 a district handled by the treasurer bears to the total amount
15 of all school funds handled by the treasurer.

16 From the funds subject to allocation among districts and
17 parts of districts pursuant to the School Code, the trustees
18 shall withhold the proportionate share of the liability for
19 municipality contributions imposed upon such districts by
20 this Section, in respect to such township treasurers and
21 employees and remit the same to the Board.

22 The municipality contribution rate for an educational
23 service center shall initially be the same rate for each year
24 as the regional office of education or school district which
25 serves as its administrative agent. When actuarial data
26 become available, a separate rate shall be established as
27 provided in subparagraph (i) of this Section.

28 The municipality contribution rate for a public agency,
29 other than a vocational education cooperative, formed under
30 the Intergovernmental Cooperation Act shall initially be the
31 average rate for the municipalities which are parties to the
32 intergovernmental agreement. When actuarial data become
33 available, a separate rate shall be established as provided
34 in subparagraph (i) of this Section.

1 (h) Each participating municipality and participating
2 instrumentality shall make the contributions in the amounts
3 provided in this Section in the manner prescribed from time
4 to time by the Board and all such contributions shall be
5 obligations of the respective participating municipalities
6 and participating instrumentalities to this fund. The
7 failure to deduct any employee contributions shall not
8 relieve the participating municipality or participating
9 instrumentality of its obligation to this fund. Delinquent
10 payments of contributions due under this Section may, with
11 interest, be recovered by civil action against the
12 participating municipalities or participating
13 instrumentalities. Municipality contributions, other than
14 the amount necessary for employee contributions and Social
15 Security contributions, for periods of service by employees
16 from whose earnings no deductions were made for employee
17 contributions to the fund, may be charged to the municipality
18 reserve for the municipality or participating
19 instrumentality.

20 (i) Contributions by participating instrumentalities
21 shall be determined as provided herein except that the
22 percentage derived under subparagraph 2 of paragraph (b) of
23 this Section, and the amount payable under subparagraph 5 of
24 paragraph (a) of this Section, shall be based on an
25 amortization period of 10 years.

26 (j) Each county with current or former elected county
27 officers, as defined in Section 7-145.1, participating in the
28 alternative annuity program established under that Section
29 shall have a separate municipality contribution rate computed
30 for those elected county officers.

31 (Source: P.A. 90-448, eff. 8-16-97.)

32 (40 ILCS 5/7-199.4 new)

33 Sec. 7-199.4. To Transfer Reserves. Whenever any one of

1 the municipality reserves established under Section 7-204(a)
 2 for a participating municipality exceeds 100% of the
 3 actuarially determined liability, the excess may be
 4 transferred to any of that municipality's other reserves with
 5 a balance of less than 100% of the actuarially determined
 6 liability. Upon request of the municipality, the Board shall
 7 prepare an impact note to determine how the transfer will
 8 affect the reserves and employer contribution rates for that
 9 municipality. Only after receipt of the impact note may the
 10 governing body of the municipality, by resolution, request
 11 the transfer. No such transfer may lower any reserve balance
 12 to less than 100% or increase any reserve balance to more
 13 than 100% of the actuarially determined liability.

14 (40 ILCS 5/7-204) (from Ch. 108 1/2, par. 7-204)
 15 Sec. 7-204. Municipality reserves.

16 (a) Except as provided in paragraph (b) of this Section,
 17 each participating municipality and its instrumentalities,
 18 and each participating instrumentality, shall be treated as
 19 an independent unit within the fund, except that if it has
 20 any sheriff's law enforcement employees or any elected county
 21 officers (as defined in Section 7-154.1) participating in the
 22 alternative annuity program, it shall be treated as multiple
 23 2 independent units, one for its sheriff's law enforcement
 24 employees, one for its elected county officers participating
 25 in the alternative retirement program, and one the-second for
 26 its other employees. Separate municipality reserves shall be
 27 maintained in such form and detail as is necessary to show
 28 the net accumulated balances of each municipality, created or
 29 arising under this Article.

30 (b) In the event of termination and dissolution of any
 31 participating municipality or participating instrumentality,
 32 if and its obligations are not assumed or transferred by law
 33 to another municipality, any net debit or credit balance

1 remaining in the reserve account of such municipality, or
2 participating instrumentality, shall be transferred to a
3 Terminated Municipality Reserve Account which shall be used
4 to fund any future benefits of its employees arising out of
5 service with the terminated municipality or participating
6 instrumentality.

7 Any deficiency arising in the Terminated Municipality
8 Reserve Account shall be eliminated by a contribution by all
9 remaining municipalities and participating instrumentalities
10 at a uniform percent of payroll, to be determined, collected
11 with other contributions required under Section 7-172.

12 (c) The municipality reserve for each municipality or
13 participating instrumentality that has any sheriff's law
14 enforcement employees shall be divided into 2 reserves. A
15 reserve for the sheriff's law enforcement employees shall be
16 allocated an amount in the same proportion to the total
17 amount in reserve as the total number of sheriff's law
18 enforcement employees is to the total participating employees
19 of the municipality or participating instrumentality at that
20 date. The remainder shall be allocated to the reserve for
21 other employees.

22 (d) The Fund shall determine what amounts shall be
23 transferred or credited to the reserve for elected county
24 officers participating in the alternative retirement program.

25 (Source: P.A. 87-740.)

26 Section 99. Effective date. This Act takes effect upon
27 becoming law.